



April 8, 2008

Mr. Gregory Franklin  
Assistant Executive Officer, Health Benefits  
CalPERS Office of Health Plan Administration  
P.O. Box 942701  
Sacramento, CA 94229-2701

**Re: CalRHIO**

Dear Greg:

This letter is written to you in response to your questions about our willingness to participate in any CalRHIO/CalPERS endeavor. Specifically, you raised two questions. These questions are restated here:

Can Blue Cross sign an agreement with CalRHIO based on defined terms that allow the transfer of CalPERS enrollees' health information as described in the CalRHIO proposal as well as accept associated transaction fees?

If Blue Cross cannot sign an agreement with CalRHIO as stated above, why not?

Anthem Blue Cross response:

As we have shared during the Mercer analysis and in subsequent commentaries, Blue Cross continues to monitor the progress of CalRHIO. At this point we have not yet reached a decision on Blue Cross' involvement for non-CalPERS business. Blue Cross would be willing to sign an agreement for the transmission of data with CalRHIO; however, as the administrator of your self-funded plan, Blue Cross would not accept the transactional costs associated with CalRHIO transmissions.

We would facilitate the interchange, and assume the costs associated with the technical coordination, but the transactional fee would be charged to

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the self-funded plan (CalPERS). Additionally, we are well positioned to share data with CalRHIO and are working on real time data sharing capabilities that CalRHIO can leverage.

Sincerely,



Robert Honaker  
Regional Vice President  
Account Management

cc: Steve Scott  
Charles Kennedy